

**Iowa Nonresident and Part-year Resident Credit**

Name(s) as shown on page 1 of the IA 1040

Social Security Number

**MARK THE APPROPRIATE BOX FOR YOU AND YOUR SPOUSE**

You are a nonresident of Iowa

☐ ☒

You are a part-year resident of Iowa

☐ ☒Date moved into Iowa: \_\_\_\_\_  
and/or  
Date moved out of Iowa: \_\_\_\_\_

Your spouse is a nonresident of Iowa

☐ ☒

Your spouse is a part-year resident of Iowa

☐ ☒Date moved into Iowa: \_\_\_\_\_  
and/or  
Date moved out of Iowa: \_\_\_\_\_**YOU MUST FILE THIS FORM IF...**

- You are a nonresident of Iowa with income from Iowa sources, or
- You are a part-year Iowa resident
- Attach this form and a copy of your Federal return to your Iowa return. (IA 1040)
- Report only Iowa-source income on the IA 126.
- You may benefit by using filing status 3 or 4.

**IOWA-SOURCE INCOME****B. SPOUSE**

Filing Status 3 Only

**A. YOU OR JOINT**

1. Wages, salaries, tips, etc. ....	1. ....	.00	1. ....	.00
2. Taxable interest income .....	2. ....	.00	2. ....	.00
3. Ordinary dividend income .....	3. ....	.00	3. ....	.00
4. Alimony received .....	4. ....	.00	4. ....	.00
5. Business income or (loss) .....	5. ....	.00	5. ....	.00
6. Capital gain or (loss) .....	6. ....	.00	6. ....	.00
7. Other gains or (losses) .....	7. ....	.00	7. ....	.00
8. Taxable IRA distributions .....	8. ....	.00	8. ....	.00
9. Taxable pensions and annuities .....	9. ....	.00	9. ....	.00
10. Rents, royalties, partnerships, estates, etc. ....	10. ....	.00	10. ....	.00
11. Farm income or (loss) .....	11. ....	.00	11. ....	.00
12. Unemployment compensation .....	12. ....	.00	12. ....	.00
13. Taxable Social Security benefits. ....	13. ....	.00	13. ....	.00
14. Other income, gambling income, bonus depreciation adjustment .....	14. ....	.00	14. ....	.00
15. <b>GROSS INCOME.</b> ADD lines 1-14. ....	15. ....	.00	15. ....	.00
16. Payments to an IRA, KEOGH or SEP while an Iowa resident .....	16. ....	.00	16. ....	.00
17. Deduction for self-employment tax.....	17. ....	.00	17. ....	.00
18. Health insurance deduction .....	18. ....	.00	18. ....	.00
19. Penalty on early withdrawal of savings .....	19. ....	.00	19. ....	.00
20. Alimony paid .....	20. ....	.00	20. ....	.00
21. Pension/retirement income exclusion .....	21. ....	.00	21. ....	.00
22. Moving expense deduction <i>into</i> Iowa only .....	22. ....	.00	22. ....	.00
23. Iowa capital gains deduction .....	23. ....	.00	23. ....	.00
24. Other adjustments .....	24. ....	.00	24. ....	.00
25. Total adjustments. ADD lines 16-24. ....	25. ....	.00	25. ....	.00
26. <b>IOWA NET INCOME.</b> SUBTRACT line 25 from line 15. ....	26. ....	.00	26. ....	.00
27. All-source net income from line 26, IA 1040 .....	27. ....	.00	27. ....	.00
		100.0%		100.0%
28. Iowa income percentage: Divide line 26 by line 27 and enter percentage. ....	28. ....	. %	28. ....	. %
29. Nonresident/part-year resident credit percentage: Subtract the percentage on line 28 from 100.0%. ....	29. ....	. %	29. ....	. %
30. Iowa tax on total income from line 43, IA 1040 .....	30. ....	.00	30. ....	.00
31. Total credits from line 50, IA 1040 .....	31. ....	.00	31. ....	.00
32. Tax after credits. Subtract line 31 from line 30. ....	32. ....	.00	32. ....	.00
33. Nonresident/part-year resident tax credit. Multiply line 32 by the percentage on line 29. ....	33. ....	.00	33. ....	.00

**ENTER THIS AMOUNT ON LINE 52 OF IA 1040**

## 2004 INSTRUCTIONS FOR SCHEDULE IA126

You will need to complete the IA 1040 Long Form lines 1 – 51 before you can complete the IA 126. The IA 1040 must be completed using **all-source income**. Nonresidents and part-year residents of Iowa will use the IA 126 to figure your **Iowa source income**. The final credit from this form is used as a credit to reduce total tax on your IA 1040.

**For part-year Iowa residents**, Iowa net income includes all income received *while living in Iowa plus any Iowa-source income* received while a nonresident. **For nonresidents**, Iowa net income will include all income *from Iowa sources*. Complete lines 1-26 of the IA 126 using only income from Iowa sources. Enter the amount of credit from line 33, IA 126 on line 52, IA 1040.

**If you used filing status 3 (married filing separately on the combined return)** on your IA 1040, you will divide your Iowa income between spouses using the instructions given for the corresponding line on the IA 1040 for married separate filers.

### 1. WAGES, SALARIES, TIPS, ETC.

**Part-year residents:** Include all W-2 income earned while an Iowa resident, even if it was earned in another state, and any income for services performed in Iowa while a nonresident of the state. If it was earned in another state, you may also need to fill out the IA 130 when you pay tax to the other state. You will need to check with that state for their filing requirements.

**Nonresidents:** Report only Iowa-source income. If the portion of employee compensation earned in Iowa by a nonresident is not reported separately, allocate the compensation based upon the number of days worked in Iowa to total work days.

### 2. TAXABLE INTEREST INCOME.

**Part-year residents:** Report all interest shown on the IA1040 which accrued while an Iowa resident and any interest received while a nonresident which was derived from a trade, business or profession carried on within Iowa.

**Nonresidents:** Report only the interest derived from an Iowa trade, business or profession.

### 3. DIVIDEND INCOME.

**Part-year residents:** Report all dividends received while an Iowa resident and any dividends derived from an Iowa trade, business or profession while a nonresident.

**Nonresidents:** Report the dividends derived from an Iowa trade, business or profession.

### 4. ALIMONY RECEIVED.

**Part-year residents:** Report all alimony or separate maintenance payments received while an Iowa resident.

**Nonresidents:** Do not enter anything on this line.

### 5. BUSINESS INCOME OR (LOSS).

**Part-year residents:** Report all Federal Schedule C or C-EZ income earned while an Iowa resident and any portion of business income or loss earned while a nonresident attributable to a business conducted in Iowa.

**Nonresidents:** Report the portion of business income or loss attributable to a business conducted in Iowa. Attach a supporting schedule showing Iowa gross receipts divided by total gross receipts; multiply this ratio times the total net income from Federal Schedule C or C-EZ. A sale is considered an Iowa sale if goods are delivered or shipped to a point within the state regardless of F.O.B. point.

### 6. CAPITAL GAIN OR (LOSS).

**Part-year residents:** Include 100% of the capital gains or losses from assets sold during the time they were Iowa residents. In addition, capital gains or losses from assets sold while a nonresident of Iowa should be reported on the basis of the instructions for nonresidents that follow.

**Nonresidents:** Include in Iowa income 100% of capital gains or losses from the following:

- Sales of real or tangible personal property if the property was located in Iowa at the time of the sale; or
- Sales of intangible personal property if the taxpayer's commercial domicile is in Iowa.

NOTE: You may have a gain here even if you have a net loss on the IA 1040.

### 7. OTHER GAINS OR (LOSSES).

**Part-year residents:** Report 100% of gains or losses from assets sold or exchanged while an Iowa resident and any gains or losses from Federal form 4797 while a nonresident if the property was located in Iowa at the time of sale or exchange.

**Nonresidents:** Report any gains or losses from Federal form 4797 if the property was located in Iowa.

NOTE: You may have a gain here even if you have a net loss on the IA 1040.

### 8. TAXABLE IRA DISTRIBUTIONS.

**Part-year residents:** Report any taxable IRA distributions received while an Iowa resident.

**Nonresidents:** Do not enter anything on this line.

### 9. TAXABLE PENSIONS AND ANNUITIES.

Pension is taxable to the state you live in when you receive it.

**Part-year residents:** Report any pension and annuity income reported on line 9 of the IA1040 which was received while an Iowa resident.

**Nonresidents:** Do not enter anything on this line.

### 10. RENTS, ROYALTIES, PARTNERSHIPS, ESTATES, TRUSTS, ETC.

**Part-year residents:** Report all income shown on Federal Schedule E which was earned or received while an Iowa resident and all rents and royalties from Iowa sources and partnerships or S Corporation income earned or received while a nonresident.

**Nonresidents:** Report all rents and royalties from Iowa sources and all Iowa partnership or S Corporation income. See instructions for allocation of business income on line 5 of this section.

### 11. FARM INCOME OR (LOSS).

**Part-year residents:** Report all net farm income earned or received while an Iowa resident. Also report all net income from Iowa farm activities while a nonresident using the instructions for nonresidents given below.

**Nonresidents:** Report the total net income from the Iowa farm activities. If farm activities were conducted both within and without Iowa, provide a separate schedule showing allocation of the income and expenses to Iowa.

## 12. UNEMPLOYMENT COMPENSATION.

**Part-year residents:** Report all unemployment benefits received while an Iowa resident and those benefits received the rest of the year that relate to past employment in Iowa.

**Nonresidents:** Report the unemployment benefits that relate to employment in Iowa. If the unemployment benefits relate to employment in Iowa and employment in another state, report the benefits to Iowa on the basis of the Iowa salaries and wages to the total salary and wages.

## 13. TAXABLE SOCIAL SECURITY BENEFITS.

**Part-year residents:** Report any Social Security income reported on line 13 of the IA1040 which was received while an Iowa resident.

**Nonresidents:** Do not enter anything on this line.

## 14. OTHER INCOME.

**Part-year residents:** Report any income on line 14 of IA1040 which was received while an Iowa resident or income from Iowa sources while a nonresident. This includes gambling income and the Bonus Depreciation Adjustment attributable to Iowa from the IA 4562A.

**Nonresidents:** Report all other taxable income from Iowa sources. This includes gambling income.

## 16. PAYMENTS TO AN IRA, KEOGH OR SEP.

**Part-year residents:** Deduct the payments made to an IRA, Keogh or SEP plan while an Iowa resident.

**Nonresidents:** Deduct the payments made to an IRA, Keogh or SEP plan in the ratio of Iowa earned income to total earned income.

## 17. ONE-HALF OF SELF-EMPLOYMENT TAX.

**Part-year residents:** Deduct the portion of the self-employment tax that is attributable to the self-employment income earned while an Iowa resident.

**Nonresidents:** Deduct the portion of the amount allowed on your Federal return in the ratio of your Iowa self-employment income to your total self-employment income.

## 18. HEALTH INSURANCE DEDUCTION.

**Part-year residents:**

- a. Self-employed.** Enter 100% of the health insurance premiums paid by a self-employed individual while an Iowa resident.
- b. Deducted through wages.** Enter 100% of the health insurance premiums that were not withheld from your wages on a pretax basis while an Iowa resident.
- c. Paid direct by taxpayer.** Enter 100% of the health insurance premiums that you paid while an Iowa resident.

**Nonresidents:**

- a. Self-employed.** Enter 100% of the health insurance premiums paid by a self-employed individual by the ratio of Iowa self-employment income to total self-employment income.
- b. Deducted through wages.** Enter 100% of the health insurance premiums that were not withheld from your wages on a pretax basis by the ratio of Iowa wages to total wages.

- c. Paid direct by taxpayer.** Multiply the health insurance premiums that you paid by the ratio of your Iowa-source net income on line 26 of the IA 126 to total net income on line 26 of the IA 1040. For this net income calculation, do not include line 18, the health insurance deduction in the above-referenced net income amounts.

## 19. PENALTY ON EARLY WITHDRAWAL OF SAVINGS.

**Part-year residents:** Deduct the amount of any penalty you were charged because you withdrew funds from your time savings deposit before its maturity while an Iowa resident or what was derived from an Iowa trade, business or profession.

**Nonresidents:** Deduct the amount of any penalty you were charged because you withdrew funds from your time savings deposit before its maturity that was derived from an Iowa trade, business or profession.

## 20. ALIMONY PAID.

**Part-year residents:** Deduct alimony paid while an Iowa resident.

**Nonresidents:** Deduct alimony paid in the ratio of Iowa gross income to total gross income.

## 21. PENSION/RETIREMENT INCOME EXCLUSION.

**Part-year residents:** If you qualify for this exclusion on the IA 1040, you may exclude the amount of taxable retirement income received **while an Iowa resident**, up to a maximum of \$6,000 (if filing status 1, 5, or 6) or \$12,000 (if filing status 2, 3, or 4).

**Nonresidents:** Iowa-source retirement income received by a nonresident is not taxable to Iowa. Therefore, you do not qualify to take this exclusion. Do not enter anything on this line.

## 22. MOVING EXPENSES.

**Part-year residents** who moved **into** Iowa can enter any moving expenses from line 22 of the IA1040 that relate to the move to Iowa. Part-year residents moving out of Iowa cannot take any deduction on this line.

**Nonresidents:** Do not enter anything on this line.

## 23. IOWA CAPITAL GAIN DEDUCTION.

Enter 100% of qualifying capital gains that are attributable to Iowa sources.

## 24. OTHER ADJUSTMENTS.

Deduct miscellaneous adjustments to income in the same ratio as the income to which the adjustment relates was allocated to Iowa.

## 26. IOWA NET INCOME.

Subtract line 25 from line 15 and enter the difference on this line. If line 26 is less than \$1,000 **and** you are not subject to Iowa lump sum or minimum tax, you are not required to file an Iowa income tax return. (Put 100% on line 29 and complete the schedule if you had Iowa withholding and request a refund). If line 26 is \$1,000 or more **or** you are subject to Iowa lump-sum or minimum tax, complete lines 27 through 33.

**Examples** of how to complete the IA 126 and IA 130 are available on our Web site in 2004 Expanded Instructions.

## IOWA SCHEDULE IA130

Schedule IA130, the State of Iowa Out-of-State Credit Computation, is only for residents or part-year residents of Iowa who earned income while an Iowa resident which was taxed by another state or foreign country.

 **Expanded instructions for the IA 1040 Long Form are at [www.state.ia.us/tax](http://www.state.ia.us/tax)**

**Instructions** for Schedule IA 130 are printed on the IA 130 form and are available on our Web site in 2004 Expanded Instructions.